

FISCAL NOTE

SB 3291

February 28, 2008

SUMMARY OF BILL: Requires a four-year higher education institution to rebate to a student who enrolls as an entering freshman and graduates within five years, the difference between the tuition and fees paid by a student during enrollment and the amount of tuition and fees such student would have paid had the tuition and fee rates in effect at the time the student entered as a freshman been in effect throughout the student's enrollment.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$12,621,200/FY08-09
\$13,504,700/FY09-10**

Assumptions:

- Lost revenue to higher education institutions would be replaced with state funds rather than higher tuition and fees.
- This estimate is based on Fall 2007 first-time Freshman enrollments times the historical percentage of students graduating after five years times the amount of change in student fees over the same five-year period.
- There are three four-year institutions in the University of Tennessee (UT) system and six four-year universities in the Tennessee Board of Regents (TBR) system that would be included in this estimate.

UT

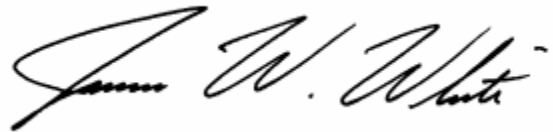
- The number of Fall 2007 full-time Freshmen (FTE) is 7,261.
- The estimated five-year fee revenue increase that students would have paid is \$13,799,958 (FY08-09 to FY12-13).
- The estimated percentage of students graduating in five years is 53 percent for Knoxville and 37 percent for Chattanooga and Martin.
- The increase in state expenditures to provide rebates to UT students is estimated to be \$6,601,915 in FY08-09 ($\$9,349,567 \times 53\% + \$4,450,391 \times 37\%$).

TBR

- The number of Fall 2007 full-time Freshmen (FTE) is 11,897.
- The estimated five-year fee revenue increase that students would have paid is \$18,810,253 (FY08-09 to FY12-13).
- The estimated percentage of students graduating in five years is 32 percent for Austin Peay State University, East Tennessee State University, Middle Tennessee State University, Tennessee State University, Tennessee Technological University and the University of Memphis.
- The increase in state expenditures to provide rebates to TBR students is estimated to be \$6,019,281 in FY09-10 (\$18,810,253 x 32%).
- The total increase in state expenditures for FY08-09 is estimated to be \$12,621,196.
- The total increase in state expenditures for FY09-10 is estimated to be \$13,504,680 (based on an average 7% tuition increase over FY08-09).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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